

OCTOBER 3, 1946

Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.



Why the Lag in Production?

Moderator, GEORGE V. DENNY, JR.

Speakers

JAMES F. LINCOLN

WALTER P. REUTHER

Interrogators

ALFRED H. WARD

WILLARD SHELTON

(See also page 12)

COMING

—October 10—

What Basic Questions Divide Russia and the
United States?

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"Why the Lag in Production?"

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THE BROADCAST OF OCTOBER 10:

"What Basic Questions Divide Russia and the United States?"

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Town Meeting



BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



OCTOBER 3, 1946

VOL. 12, No. 23

Why the Lag in Production?

Announcer:

On behalf of Station WLAB and the Interclub Council of Grand Rapids, we are proud to welcome you and America's Town Meeting to our Civic Auditorium for a discussion of one of the really urgent questions of the hour.

The citizens of Grand Rapids, like every other citizen in America, are concerned about the problems of production. Here in the furniture capital of America, we have one of the highest ratios of employment to population in America. We actually have more people employed in nonfurniture industry, however, than in our other diversified industries, yet we like so many other communities, are lacking in housing, automobiles, and hundreds of other things we want and are ready to buy.

So, we are particularly glad to welcome these distinguished speakers and the well-known founder and moderator of America's Town

Meeting, the president of Town Hall, New York, Mr. George V. Denny, Jr. Mr. Denny. (*Applause.*)

Moderator Denny:

Good evening, neighbors, and friends in Grand Rapids. Yes, we all know just what you mean about those shortages and they're not confined to houses, automobiles, nice juicy steaks, and candy. The lag in production has become a grave national problem, but in my earnest attempt to describe the nature of this problem for you I find myself in great sympathy with the Town Meeting listener who wrote in after last week's program and said, in substance, "I listened to Mr. Taft and what he said sounded so right I thought I agreed with him. Then Dr. Walsh made such a plausible speech on the other side, I wanted to agree with him. I listened to the whole program and I just don't know what to think. Please,

Mr. Denny, what do you think?"
(*Laughter.*)

Of course, the purpose of America's Town Meeting is to get you to think, and I'm thinking about last week's subject and I'm thinking about this one. Nearly everything I read on both subjects is strictly biased. Certain publications put the blame on labor, others put the blame on management. No one seems to have much to say in favor of what Government has done.

Even if it's a bit hard for us to take, even if we can't make up our minds at once, we can hear what both sides have to say right here together on the same platform the same night, and we can ask them questions. Both of our principal speakers and our interrogators believe in the time-honored American tradition of free and open discussion.

Both Mr. Lincoln and Mr. Reuther have appeared many times on our Town Meeting, and Mr. Reuther is a Town Hall trustee. They know they are not infallible, though they hold strongly to their respective views on this question. So, gentlemen, we invite you to give us as many facts as you can and your best thoughts on this urgent, national problem we face together.

Mr. James F. Lincoln is president of the Lincoln Electric Company of Cleveland, and is the originator of an incentive system

in his industry which has given him nation-wide recognition, high production, and no strikes.

Mr. Walter Reuther is the president of one of the largest unions in America, the United Automobile Workers, C.I.O., is the author of the Reuther plan of industrial mobilization, and leader of the General Motors strike advocating wage increases without price rises.

So, let's begin our discussion this evening by hearing from the president of the Lincoln Electric Company of Cleveland, Mr. James F. Lincoln. Mr. Lincoln. (*Applause.*)

Mr. Lincoln:

Why the lag in production? The reasons are apparent in countless factories. The first is the obstruction to production by radical union labor leadership. The second is whimsical edicts of unrestrained government bureaucrats.

Let me make clear the fact that this is no attack on unions or Government as such. It is instead a criticism of the present lawless leadership in unions and Government.

Union labor under its present philosophy refuses to accept its responsibility to the public. It insists on selfishly attempting to better its position at the expense of the people it must serve. It insists on demanding more and more for less and less production. It insists on its pound of flesh no matter who is harmed.

It not only abuses the power given to it; it also demonstrates its entire lack of ability to handle intelligently such power.

For example, in the first six months of this year strikes caused the loss of 115 million days of production. This is serious. However, it is not nearly as serious as the shortages it causes in other industries. You can't build automobiles without batteries. You cannot build houses without nails. You cannot produce any product unless you can produce all the parts.

Feather bedding adds further to these shortages. We tonight are hearing this program only because the American Broadcasting Company submitted to coercion and paid three engineers for standing by and doing nothing. The lights in this hall would have been turned out had they not paid this blackmail.

If all people refused to do their duty to the public as has been the case with union labor recently, the human race would disappear.

Suppose the doctors and nurses and ministers and industrialists should follow this union labor pattern—and they could easily—what would occur? Health and security would disappear.

Suppose the mothers of this country should follow the present union leadership pattern of no responsibility to anyone — five-day week, vacations with pay, health

fund, and improved working conditions. Home and family would be impossible.

It is only because these completely essential parts of the economy do their duty, regardless, that America exists.

Union labor only refuses to do its part in the operation of the economy, and it is now being carried on the backs of all other citizens. Because of this union labor shirking, and the resulting shortages, we have now the lowest standard of living we have had at any time in the past generation. We cannot buy food, clothes, houses, nor automobiles, no matter how many pieces of paper we possess inscribed with the legend that said paper is legal tender.

The most disappointing feature of the matter, however, is the selfishness of these labor leaders in condemning their membership to an intensely grim future.

Not only does a union laborer suffer in the same way and for the same reason as does the rest of the public, but in many cases they suffer more, since they are forced into poverty by strikes ordered in plants where they are employed, or in other plants which make products on which their employment depends.

All of this suffering could be eliminated if these leaders would consider the interests of the public, rather than their own (*ap-*

plause), if they would consider their duty rather than their power.

This is not a theory. It is history. The following pattern for peace and prosperity has been demonstrated over many years. The workers of the Lincoln Electric Company recognize their duty to the consumer. They recognize that they are part of the public. They recognize that their interests and those of the public are identical. They, therefore, do their best with both hand and brain to discharge this duty.

They do not limit output. They do not strike. They want to produce what the public needs.

What is the result?

Over the last fifteen years, our incentive program has reduced our selling price by more than sixty per cent, while the price of union labor's product has increased by more than twenty-five per cent.

Under this plan Lincoln workers have also earned over \$5,000 per year, which is more than twice the union wages. Lincoln workers have never lost an hour because of labor-management disputes. Lincoln workers have never been discharged because of lack of work. They also have the supreme satisfaction of experts, doing an expert's job.

These same wages, securities, and satisfactions could be obtained in any plant in the country if the same spirit and desire to serve the public were present. Union leader-

ship will not go along. Lower costs and prices are available to all by this plan. Union leadership will not allow them.

An efficiency even half as great as ours would eliminate all shortages. Union leadership says not. Doubling the standard of living can be accomplished immediately by following our proved system. Union leadership only scoffs. That is the first reason why production lags.

The second reason for lagging output is unrestricted governmental bureaucracy. Under the new deal, law has been brushed aside and replaced with bureaucratic edict. The law and the law-makers have been thrown largely into the discard. This results in chaos, since no two bureaucrats think alike, nor do they desire to think alike.

This is particularly true in their attitude toward industry and labor. Their conflicting edicts which, in effect, controvert the law, have put management into continuing situations which make efficient manufacturing impossible.

There are countless illustrations that could be cited, but I will mention the following two illustrations since they affect our company, our incentive system, and were my own experiences.

After our incentive system had been in successful operation for ten years, producing the results of doubling wages and reducing

prices, the Treasury bureaucrat, without investigation of efficiency of our men or their consequent proper earnings came out with the edict, "No man who works with his hands is worth \$5,000 a year."

Since we had been paying more than that for years, he changed the wage payments to our men from an expense of production to a charge against company. The solvency of the company is, of course, jeopardized as is the incentive system by his act.

The fact that this system had been in operation for 10 years without question from anyone in Government shows how whimsical the action and how irresponsible the bureaucrat.

The second instance is still more serious, since it destroys belief in the integrity of the Federal Government. In 1936, we bought annuity for all of our workers so that they could be retired at the end of their active life on a pension. This annuity contract was submitted to the Treasury Department who okeyed it with enthusiasm and congratulations to me.

Nothing was questioned on this until very large sums had been paid over seven years. Then the Treasury Department broke its word, denied its approval, and charged all payments back to the company, plus interest at six per cent. No lawmaker had written such a law. No change had been

made in the annuity contract. However, this whimsical edict of the bureaucrats stands.

Why does production lag? I have cited two illustrative examples. Thousands more of the same kind can be given. If industry cannot rely on the integrity and good intentions of the worker in Government, it cannot produce, as we are now seeing. Co-operation only of all concerned can make industry successful. (*Applause.*)

Moderator Denny:

Thank you, Mr. Lincoln. Now, we'll hear from the man who is president of one of the largest unions in America, the United Automobile Workers, C.I.O., Mr. Walter Reuther. Mr. Reuther, how do you explain the present lag of production? (*Applause.*)

Mr. Reuther:

If name-calling would solve the problem before us tonight, Mr. Lincoln would have us well on the road to full production. Mr. Lincoln would have us believe that if we could get rid of union leaders and government bureaucrats, we could be on the high road to the promised land.

Where was the magic of Mr. Lincoln's proposal the years of 1922 to 1932, when the American people got hard under Harding, kept cool under Coolidge, and got hungry under Hoover? (*Applause.*)

Those were the golden days of the boys in Wall Street. There were no union leaders or New Deal bureaucrats blocking the way to perpetual prosperity. Big business enjoyed a Palm Beach climate, free from government edicts, unrestricted by unions and social legislation. Incentive plans operated in the bulk of American industry.

Mr. Lincoln, have you forgotten what happened at the end of the Golden Age? The American workers have not forgotten. They lost their jobs, their homes, and their self-respect in mass unemployment. The American farmers have not forgotten. They lost their markets and their farms.

We were in a mess in those dark days because we had no direction or social consciousness in our national economy. We were told to relax and that the pulse of the stock ticker would regulate our economy and assure our national well-being.

Production is lagging today because we as a Nation failed to plan for peace as we were ultimately forced to plan for war.

We are in difficulty today because we made the tragic mistake of believing that we could drift without rudder or compass from a full scale war economy into a sound and stable peacetime economy.

The high priests of monopoly and scarcity who delayed conver-

sion of American industry to war production successfully fought for the premature abolition of both price control and the allocation of scarce materials. They resisted minimum direction necessary to insure an orderly transition from war to peace production.

Labor's warnings were brushed aside on this matter. Wartime controls on the allocation of scarce materials went overboard at industry's demand. This was the first mistake.

Despite labor and consumer protest, Congress surrendered to the high-pressure campaign to destroy price control into which the National Association of Manufacturers poured millions of tax free dollars. That was the second mistake.

The third blunder was American industry's refusal to sit down and work out a wage-price-profit policy that would get this Nation off the merry-go-round of boom and bust and plant our feet on the road to full employment, full production, and abundance.

American industry, like Congress, failed to recognize the human aspects of reconversion. Industry would not bargain in good faith. It rejected conciliation and arbitration—even government fact-finding. Strikes resulted as they will always result when the human equation of industry is neglected.

Strikes have been a factor but not the chief factor in holding

down production. These strikes need not have occurred had American industry put as much effort into trying to meet its responsibility to its workers as it did in trying to make labor the scapegoat in the eyes of the public.

The 79th Congress demonstrated its complete moral bankruptcy in its failure to meet the human needs of the people, but it did not fail big business. It voted billions in tax rebates to subsidize industry's antilabor campaign and to guarantee profits for not producing.

The wiping out of effective and adequate material controls has resulted in widespread hoarding, speculation, dislocation of inventories, and a mad scramble for limited supplies.

A glaring example of this situation is the Veterans Housing Program. Our failure to provide homes for veterans and their families is America's No. 1 scandal. Veterans cannot house themselves and their families with promises. Approximately four million veterans still need homes. Yet essential materials needed to build these homes to house the men who fought our war for democracy have been diverted to the construction of 5 and 10 cent stores, bowling alleys, super markets that have no meat to sell, and even race tracks.

That's why so far only 850,000 houses have been started and only 350,000 completed out of 4,000,000

needed. As a Nation at war, we spent billions to bomb homes but to date we lack the courage and the vision to spend billions to build homes.

We shall not overcome the lag in production in housing until we plan our housing program in terms of our total productive capacity and resources and until we replace antiquated construction methods with the tools of mass production.

The success of big business and beating the life out of price control has had a similar tragic effect upon production. One business journal declared that "With prices constantly stepping upward, there will be the strongest temptation to hold back deliveries of goods at every stage in the production cycle."

Rising prices make hoarding and speculation profitable and block the flow of goods to the market.

For example, let's take a long hard look at the textile industry. The cloth for bed sheets, bath towels, men's shirts, and work clothes that you and I and all other Americans need is piled up to the rafters in warehouses all over the country. These things are being hoarded because we don't have effective price control and prices are going up.

This is not just my opinion. It was so reported in detail on September 24 in the *News Record*, a trade publication of the textile industry—"Business inventories are

piling up at a rapidly increasing rate and have reached a total of more than \$30,000,000,000, the highest ever known."

In the automobile industry, as in others, the lack of material controls and the failure of price control aggravate and intensify the basic shortage of materials. Auto production and the housing program fight each other for a limited supply of iron castings while private and government-owned blast furnaces used during the war now stand idle.

Dealers in steel scrap refuse to sell because they are waiting for higher prices. Shortage of scrap increases the demand for pig iron and also holds down the production of steel.

Removal of price ceilings from thousands of minor products takes scarce materials away from essential products. For example, auto companies were delayed for months due to the lack of spring wire for cushions because wire mills could make higher profits rolling wire for coat hangers, which had no ceiling price.

The lag in production can be overcome. But we shall have to plan for peace production as we planned for war production. We must get marginal mines and marginal blast furnaces back into production.

We must crack down on hoarding and speculating in scarce supplies. We must establish a sys-

tem of material allocation, and put first things first. In November we must elect a Congress that will serve the people as well as the 79th Congress served big business. (*Applause.*)

The National Labor Management Conference has proposed the convening of a Labor Management Conference, not a speech-making conference but a conference that will jump in with both feet and come to grips with the basic issues of wages, prices, and production.

It must come up with an effective plan for the mobilization of the maximum output. The teamwork which won the war can win the peace. (*Applause.*)

Moderator Denny:

Thank you, Walter Reuther. Now while our audience gets ready for their questions, here's a man from your home town of Detroit who has some questions for you. Our first interrogator is Mr. Alfred Ward, publisher of the *Automobile Topics* and Ward's *Automotive Reports*. He'll begin with a brief analysis of both speeches. Mr. Ward. (*Applause.*)

Mr. Ward: Mr. Reuther, while admitting the strikes as a factor, puts most of the blame on the Government. Mr. Lincoln puts the blame on the unions, mostly as affecting the public interests, and that is something to consider. His figures on millions of days work

lost is a tremendous factor in "why the lag in production?"

Mr. Lincoln has given to you a successful and outstanding example of what can be accomplished by management and labor working together. Mr. Reuther would definitely have more controls rather than less. The need for an organized planning of peacetime production makes me think that we should have had a Knudsen rather than the planners we had.

The blame for what has been done and how it was done belongs to the people in the government positions that we have elected and put there, who pass their judgment along—in other words, New Dealers.

The high priests of monopoly and scarcity he refers to industry. That surprises me, because I would have placed them with the New Dealers. I have never forgotten how we killed off the little pigs back in the '30's to create a scarcity. (*Applause.*) You all remember that, and how you'd like to have those little pigs now! (*Applause.*) Accusing OPA of not doing a better job, I presume—and I gather he means in not holding prices down—has a back-fire because some prices were raised in order to create more production, and to make more jobs available.

I served for time with the OPA during the war and I would have gone further than Mr. Reuther in

saying that Mr. Leon Henderson was right when he ask for complete control including both labor and farm products. But both of these have two powerful lobbies and nobody liked Mr. Henderson at the time.

I'd like to know where the shirts are and I'd like to know about the other raw materials that are hoarded. We should have the facts.

I believe that Mr. Reuther will also find, if he investigates, that high carbon steel is used in cushion springs for automobiles, and that a different carbon wire is used in the coat hangers. (*Applause.*)

Now I'd like to ask Mr. Reuther a question. I picked up the newspaper yesterday and I read an article here, Mr. Reuther, about wage control hit by Mr. William Green. Mr. William Green in Atlantic City appeared before United Mine Workers for the first time in ten years to demand abolition of the government wage controls. Mr. Reuther, I ask you, would you favor or approve of the abolishment of government wage controls?

Mr. Denny: Mr. Reuther, will you answer that and comment on anything else that Mr. Ward has said.

Mr. Reuther: During the war, labor agreed to accept wage controls because we were told that the cost of living would also be controlled. We have found, how-

ever, that wages are controlled much more rigidly than the cost of living.

For example, in January, 1945, the average wage of all industrial workers in America was \$47.50 a week. That was January, 1945. In July, 1946, it was \$44 or the wage earner had lost 16.3 per cent in real wages. We say, and we've

said all along, that during the period of transition, when we're trying to stabilize our economy, we are willing to work out a system of relationships between wages and prices to stabilize the economy, but we will not stand by to see wages frozen with prices skyrocketing. (*Applause.*)

Mr. Denny: Mr. Ward.

THE SPEAKERS' COLUMN

JAMES FINNEY LINCOLN—James Lincoln, president of the Lincoln Electric Co., was born in 1883 on a farm near Painesville, Ohio. His training for the profession of electrical engineering was obtained at Ohio State University. A victim of typhoid fever, he left school a few months before he was to be graduated. In 1926, the faculty awarded him an honorary degree. From 1907 to 1911, Mr. Lincoln was a sales engineer in the Lincoln Electric Co. which was founded by his older brother, John. From 1911 to 1928, he was vice president and since that time has been president. Mr. Lincoln has not confined himself to the executive end of the business, but has worked in the fields of invention, development, engineering, and the broader fields of economics and industrial management.

In 1932, Mr. Lincoln was a member of the Governor's Committee on Unemployment Insurance. He has been a member of the Republican National Finance Committee serving as chairman for Ohio in 1936 and as vice chairman in 1940.

Mr. Lincoln is the author of *An Industrialist Looks at the "New Deal," Tell the Truth and Keep Out of the Way, Ignorance of the Law Is No Defense, Who Can Employ the Idle?, Intelligent Selfishness and Manufacturing, and Incentives vs. Government Control.*

WALTER PHILIP REUTHER — Born in Wheeling, West Virginia, in 1907, became an apprentice tool and die maker at the Wheeling Steel Corporation. He was employed by the Briggs Manufacturing Company, General Motors, and the Ford Motors Company and was a foreman at the Ford Company. For three years he also attended Wayne University in Detroit.

From 1932 to 1935, Mr. Reuther traveled by bicycle through Europe and the Orient, observing auto plants and machine shops.

He returned to the United States in 1935 to organize the auto workers. He established and became president of Local 174, United Automobile Workers of the Congress of Industrial Organizations. He is now honorary president of the West Side Local.

Mr. Reuther has been vice president of the International Union of United Automobile Aircraft, and Agricultural Workers of America, C.I.O., since 1942. He is a director of the International Skilled Trades Department and of the Consumer's Division. Since 1939 he has been a director of the General Motors Department of the United Automobile Workers. During the war, he was a member of the labor management policy committee of the War Manpower Commission and a member of the labor management policy committee of the Labor Production Division of the War Production Board.

ALFRED H. WARD—Mr. Ward is publisher of the weekly news letter *Ward's Automotive Report* and *Automobile Topics*.

WILLARD ELLINGTON SHELTON — Mr. Shelton, columnist and editorial writer on labor issues for the *Chicago Sun*, was born in St. Louis in 1905. He has an A.B. degree from Eureka College and he has done graduate work at Washington University in St. Louis. After a year of high school teaching Mr. Shelton joined the editorial staff of the *Christian Evangelist*. After seven years, he became editor in 1935. In 1938, he became an editorial writer for the *St. Louis Times-Star*. He was editor of the editorial page from 1939 to 1943. Since 1943 he has been with the *Chicago Sun*.

In addition to his newspaper writing, Mr. Shelton has had articles published in the *American Mercury*, *Nation*, and other magazines.

Mr. Ward: Mr. Reuther, you don't answer my question properly. Do you approve of, and are you for, the abolishment of government wage controls?

Mr. Reuther: I am in favor of abolishing government wage controls because Congress has destroyed price control, and prices are not being controlled.

Mr. Ward: Then you want to take off the wage controls, but you want to keep the OPA, and we cannot keep one without the other.

Mr. Reuther: We are talking about not what we would like; we are talking about the fact that today there is no effective price control, and certainly, that's why labor is trying to abolish wage control.

Mr. Denny: Thank you, Mr. Ward and Mr. Reuther. Now, it's time for a question for Mr. Lincoln from Mr. Shelton. Mr. Shelton is an editorial writer and columnist for *The Chicago Sun*. Mr. Shelton. (*Applause.*)

Mr. Shelton: It seems to me that the difference between Mr. Reuther and Mr. Lincoln is a very simple one. Mr. Reuther thinks that it is just as hard a job to get a country unwound from a war as it is to wind the country up for a war. We began preparing for war in 1940. We went to war in 1941, and it was 1943 before we got our huge industrial machine ready for mass production of work-

ers. Mr. Reuther thinks that it is just as hard to get our economy changed back to peacetime production.

Mr. Lincoln, on the other hand, as I understand him, seems to think that the lag of production can be blamed on two sets of devils. One of these sets of devils, he calls the present lawless leadership in unions; the other is the present lawless leadership in Government.

As a remedy for the lag in production, Mr. Reuther recommends a sensible application of the same kind—the cooperative planning and action we used to win the war. He also recommends a Congress which knows what time it is, a suggestion with which I heartily concur.

About Mr. Lincoln's idea, I am not quite sure. He does not directly advocate the abolition of unions, but he doesn't like the way they are now set up. He also apparently wants to knock off whatever government controls are left and go back to the same kind of economy we had after the last war. And he advocates the establishment of some kind of incentive production plan that he uses in his own plant.

As I understand that system, unexplained otherwise, it is something like a bonus plan, operated without the ugly necessity of having to consult about the plan, with freely elected spokesmen of

free workers. I suspect that Mr. Lincoln would have a great deal more difficulty selling a fat bonus plan to many management spokesmen than to some union spokesmen. (*Applause.*)

However, to stick to the issue of the labor unions, Mr. Lincoln, let me ask you whether you really think that postwar strikes have been entirely the fault of lawless union leadership, and not at all the fault of management?

Mr. Lincoln: Whether it's the fault of management, or the worker, is beside the question, it would seem to me. The difficulty is fundamental in that the average union and union leadership does not accept its responsibility to the public. (*Applause.*) After all, we are all the servants of that public. If we will not accept that responsibility, chaos reigns. (*Applause.*)

Mr. Shelton: Well, Mr. Lincoln, isn't it true about this sense of responsibility to the public, that in only one case, the railroad strike, did a union turn down a government fact-finding board report, whereas many corporations flatly refuse to open their books to government boards, and then flatly refuse to accept fact-finding recommendations which the unions accepted. Examples: General Motors, General Electric, International Harvester, Westinghouse Electric, and many others. Where

is the sense of responsibility on management's part? (*Applause.*)

Mr. Lincoln: The great difficulty, again, is the fact, I say, that unions, management, people in the manufacturing, generally, refuse to accept the responsibility to the public. It is only when they do that that we are going to have an economy with which we can live. Imagine the point of view which we have at the present time, when Mr. Reuther comes along and says that manufacturers are hoarding, and therefore they will not sell, they will not take this out of production until they get a higher price. I wonder if they, perhaps, did not catch that idea from labor, which is, in a strike, doing the same thing? (*Applause.*)

Mr. Denny: Mr. Reuther, would you like to comment on that?

Mr. Reuther: There are some bad practices in labor, but if you'll check into them, you'll find that most of these bad practices have been borrowed from management. (*Applause.*)

Mr. Lincoln talked about feather bedding making this radio broadcast possible. He should have completed the story, to tell you that when the Town Hall contract was let, a couple of years ago, a big advertising concern, with its office in New York City, got \$250,000 commission without even signing its name, that's what I call high-priced feather bedding. (*Applause.*) Just get a copy of any

recognized trade journal in the textile industry, and you'll find that they have hundreds of millions of dollars in textile goods hoarded, in this country, holding it back, waiting for a later date, when they can rob the American public.

Now, who taught industry how to do all these tricks? Not labor, because we had to kill little pigs in 1932 because the steel trust wouldn't make pig iron, and the killing of little pigs came from that. (*Applause and shouts of "No!"*)

Why do we get in trouble? Why did we get in trouble in 1929, '30, and '31, and '32? Because the American people in industry and on the farms had made more of the things than we were able to buy back, and therefore the Government had to balance the scarcity in agriculture, with a situation in industry.

You can laugh all you want about that, but the fact remains that we got in trouble at the end of a period when all the things Mr. Lincoln says are wrong today did not exist. (*Applause.*)

Mr. Denny: Thank you, Mr.

Reuther. We're going to get in trouble with the FCC if we don't pause right now for station identification.

Announcer: You are listening to America's Town Meeting of the Air coming to you from the Civic Auditorium in Grand Rapids, Michigan, where we are the guests of Station WLAB.

We are discussing the subject, "Why the Lag in Production?" We have just heard statements by our speakers and the moderator is about to take questions from the audience.

If you would like a complete copy of tonight's discussion, send your request to Town Hall, New York 18, New York, and enclose ten cents to cover the cost of printing and mailing.

If you would like to have these Town Meeting Bulletins come to you regularly, enclose \$1 for 11 weeks, \$2.35 for six months, or \$4.50 for an entire year. Remember the address, Town Hall, New York 18, New York. Please print your name and address clearly and allow at least two weeks for delivery.

QUESTIONS, PLEASE!

Mr. Denny: Mr. Reuther just made a comment and Mr. Lincoln wants to reply to it. Mr. Lincoln.

Mr. Lincoln: The great difficulty, it seems to me, with this whole problem is the desire on the part

of everybody to blame the other fellow for the trouble. It's a good deal like the fellow who goes into a hotel and because he doesn't like the room and the proprietor, he sets fire to the hotel so that he can

burn that room up but burns a thousand people in the hotel along with it. He believes that if he can burn the room up he has squared the thing up, but in doing so he does an immense harm.

Now, the point I have made, and it seems to me the point that we ought to dwell on is this: there is an answer to all of these things. That answer has been demonstrated over the last fourteen years. You can get the low prices which will give you the higher standard of living. You can also get the higher wages which will also increase your standard of living if you will only cooperate to do the best job in the world possible for the public. (*Applause.*)

Mr. Denny: Thank you, Mr. Lincoln. Mr. Reuther.

Mr. Reuther: Mr. Lincoln, you say that labor is unwilling to accept its public responsibility. During the General Motors strike I stated over this network and on other occasions that the union in the General Motors situation was willing to scale down its demands to whatever figure was necessary in order to get a wage increase without a price increase. We met our obligation, but General Motors wouldn't meet us half way.

Now, I'd like to ask you, Mr. Lincoln, since you blame labor for all the ills in America what you would do if you were a worker in the J. I. Case plant in Racine, Wisconsin, a plant that makes

normally farm equipment machinery which is necessary to get on food production.

That factory has been on strike for ten months. The workers negotiated 21 months and couldn't get a contract. They went to the War Labor Board. The War Labor Board handed down a directive. The company wouldn't accept the directive. They asked the company to negotiate. The company refused to negotiate.

The company refused to meet with government conciliators. The company refused the proposal of the union to arbitrate the dispute.

The Secretary of Labor, Mr. Schwollenbach, and the Secretary of Agriculture, Mr. Anderson, asked the management of that company, Mr. Clausen, to come to Washington to talk about this because it was holding up food production. Mr. Clausen told them he wouldn't talk to anybody in the Government just as he refused to talk to his employees.

Mr. Clausen and the J. I. Case management are sitting there saying to the workers, "When you're hungry enough and you come crawling back to the plant on the company's terms, we will open the plant."

Now, Mr. Clausen and the management are sitting back getting millions of dollars in tax rebates. I would like to know what Mr. Lincoln would do if he were an employee of that plant where

management has acted in this way, and defied every decent principle? What would he do in that kind of a case? (*Applause.*)

Mr. Lincoln: Of course, as is true in most cases where there is a dispute, you are all the time blaming the other fellow for the difficulties you are in. I don't know what the facts are in the J. I. Case Company. I am very sure Mr. Reuther does not either. (*Applause.*)

Now, again I say, there is a solution for this—for both the man and the company—and that is co-operation in the interest of the public who will pay labor much more than the union asked for as we have shown and which with co-operation will give the standard of living very much higher than is being produced now.

Mr. Reuther: Mr. Lincoln, the J. I. Case workers would still like to know what you would do if you worked in their plant. You have not answered that question. (*Applause.*)

Mr. Lincoln: I'll tell you very frankly what I'd do if I worked in that plant. I would first of all go to management and say this, "We can produce at a speed way beyond anything we have already done. If we do that, will you co-operate with us and give us the standard of living and the standard of wages which is being gotten in other places where that coopera-

tion exists." (*Applause.*) Then I would go and get that.

Mr. Denny: Thank you, very much. Now, gentlemen, before we take our questions, I want to extend our greeting this evening on behalf of all of us to Station WJZ in New York, key station for America's Broadcasting Company which is celebrating its 25th anniversary this week.

WJZ is one of the great pioneer stations in radio and is responsible for a great many "firsts" in radio. It was, indeed, among the first 18 stations to bring you America's Town Meeting of the Air nearly twelve years ago when we started this program with the topic, "Which Way America—Fascism, Communism, Socialism, or Democracy?" and we still seem to be discussing that same subject.

We also want to welcome back to the fold our Chicago listeners who have been with us for nearly 450 broadcasts over Station WLS and Station WENR. At one time there were more Town Meeting discussion groups in and around Chicago than anywhere else in the country. So we are glad to have Chicago back on our Thursday night schedule as of tonight.

Now the members of our committee of judges is standing by listening for the question they think best for bringing out facts and broadening the scope of tonight's discussion. They'll present a \$25 United States Savings Bond

for this question. You'll all be eligible provided you limit your questions to 25 words and make them on tonight's subject. We'll start with the gentleman on the third row. Right there.

Man: I want to address my question to Mr. Reuther. I noted, Mr. Reuther, Mr. Lincoln has talked about the sense of responsibility. You and I know that we don't have that sort of responsibility. My question is this: Do you think it possible for management to accept the responsibility to the public ahead of profits?

Mr. Reuther: I think it's possible, but they certainly have not done it to date. One of the things that the C.I.O. has proposed where we can get right into this whole question of responsibility is a national labor-management conference. If you'll recall the last time we had such a conference in Washington, the C.I.O. suggested that we grapple with all the basic problems, but the management representatives refused to do that. They only wanted to talk on the fringe of these problems.

Let's get a labor-management conference together, and let's roll up our sleeves in America, and let the management be big enough to also recognize the fact that maybe there's some people on their side of the table who aren't saints in the world.

Mr. Denny: Thank you. The

young lady down here in the center.

Lady: Mr. Lincoln, you've talked about the responsibility of the union members to the public. Now would you tell me, are the union members excluded from the public? (*Applause.*)

Mr. Lincoln: I thought I made the point pretty clear that the union members are part of the public and because of that fact their interests and those of the rest of the public were identical. It is because of the fact that they can by cooperation with management produce a tremendously higher standard of living for themselves and everyone else if they will cooperate.

Mr. Denny: Thank you, Mr. Lincoln. No, the young lady's not satisfied, Mr. Lincoln. She wants to talk back to you. Come along.

Lady: Well, I don't want to talk back.

Mr. Denny: Yes, that's all right fine. Go ahead.

Lady: I just want to say that the union leaders are elected by the union members.

Mr. Denny: Right, the union leaders are elected by the union members, she says.

Mr. Lincoln: I wouldn't say that that wasn't true. (*Laughter.*)

Mr. Denny: If you're not satisfied with the answers these gentlemen give you up here on the platform, why just stand right up and

let us know about it. Now, the gentleman with that handsome red tie here. (*Laughter.*)

Man: I'm addressing my question to Mr. Reuther. Can we not get some increased production when union leaders find a way to control their membership and prevent wildcat strikes?

Mr. Reuther: Well, if you sell Chrysler cars, I want to tell you that next week the Chrysler Motor Car Company is going to cut their production of Plymouths from 1,000 a day to 700 a day, and it's not because of wildcat strikes, but because they can't get steel. Now, that won't be in the headlines in the American press, but if a dozen workers walk off the job because of some problem, that makes a headline. I tell you that at the present time strikes in the auto industry cannot justify more than 1% of the lack of production. The balance is due to the shortage of materials, pig iron, sheet steel, copper, lead, and these other things. And, if you want more cars, we'll have to get more materials. That's the answer.

Mr. Denny: Thank you. The gentleman way back in the hall, with a No. 1 card.

Man: Mr. Lincoln. I represent management. Considering the fact that we shipped 60 million tons of steel and heavy materials overseas, and these are not coming back in scrap, don't you feel that that is

seriously going to hinder the production in this country?

Mr. Denny: We ship 60 million tons overseas and that's going to seriously handicap our production in this country. Are you talking about war materials, sir?

Man: Talking about war materials and also the fact that in the production of steel 65 percent of it is ordinarily made up of scrap.

Mr. Denny: All right, Mr. Lincoln.

Mr. Lincoln: If I understand the question right, you're asking me whether the amount of stuff that we shipped across as war material does not interfere with production now. I would say that undoubtedly if that material had remained in the United States, there would be certainly that amount more scrap here, but it would seem to me that probably the reason that we are having difficulty in getting scrap is because of the fact that the price set by OPA does not allow the people to sell it here; they probably sell it somewhere else. (*Applause.*)

Mr. Denny: Thank you, Mr. Lincoln. Now, the man in the balcony over here on this side.

Man: I'd like to address my question to Mr. Reuther. You spoke of opening the submarginal and idle blast furnaces and manufacturing plants. Do you mean to do that by way of government subsidy?

Mr. Reuther: If that's the only way they can be gotten into production, that's certainly the cheapest way to do it because there are many mines that were in production during the war that are now idle. The same thing is true of blast furnaces, and if the Government has to, to get them back into production, a government subsidy is the best way to do it.

Mr. Denny: Thank you. The young man in the first row of the second section of the balcony.

Man: Mr. Lincoln, when you say that today we have the lowest living standard of our generation, are you forgetting 1929-1933 when we had plenty but no jobs? (*Applause.*)

Mr. Lincoln: In that period you could certainly buy houses, you could certainly buy cars, you certainly could buy clothes. At the present time, you can't buy those things; therefore, I say to you that the standard of living at the present time is much lower than it was then. After all, a standard of living means what you can have, what is available. It does not mean how many dollars you have in your pocket.

Mr. Denny: Thank you. Mr. Reuther has a comment.

Mr. Reuther: Mr. Denny, I'd like to ask Mr. Lincoln what people would have bought those houses with back in 1931 and 1932? (*Applause.*)

Mr. Lincoln: They'd get them

the same way that they always have—by paying for them. (*Applause.*)

Mr. Reuther: You just don't want to step up to those kind. You know, there's a great myth today in America. Mr. Lincoln and other people in his position feel that the American workers made such high wages during the war, that they're just literally bulging with money and purchasing power. I want to say that we ought to be worrying about where we're going in this country. The stock market drop and all those things indicate we're in trouble and the reason we're going to get in trouble quick is because a survey made by the Government recently indicates that the families of the upper-income bracket—one-half of those families in America—have 97 percent of the total savings. Half the families of the lower half have only three percent. It's people who have the three percent who are the people who went hungry in '31 and '32 and didn't buy the house that Mr. Lincoln talks about. (*Applause.*)

Mr. Denny: Thank you. The man back there in the back of the balcony with the number two card. Yes? Don't be so modest.

Man: Mr. Reuther. It is admitted that production costs are up. Who instructs labor to lag?

Mr. Denny: Mr. Reuther, it is admitted that production costs are up. Who instructs labor to lag?

Mr. Reuther: Well, there's been no proof here that labor is lagging. (*Laughter.*) Mr. C. E. Wilson at a press conference the other day discussed the question of labor productivity. He said that the efficiency of General Motors' employees, as an average, was a little better than 80 percent. When he was asked for the difference he said there were several reasons. First of all, there is a tremendous turnover in the factories—hundreds of thousands of new workers coming in who have to master the techniques of production.

Secondly, he said, you cannot achieve maximum efficiency when your production lines are constantly stopped by lack of material. I am not willing to accept the fact that every American worker is lazy, is trying to get a free ride, because these are the same workers who turned out the greatest volume of war production in the history of the world. (*Applause.*) Their sweat made that possible.

I am not willing to accept the fact that only people who get a million dollars a year are willing to work for that million dollars. I say that the workers in America are willing to work for a decent living and this attempt constantly to make labor the scapegoat is a very nice technique by which to transfer all the blame that other people have a responsibility in to one group in America. Unfortunately, that is

not the solution to the problem and what we're looking for are not scapegoats in America, we're looking to solution of these basic problems. (*Applause.*)

Mr. Lincoln: I would just like to say one thing regarding that. After all, it has been demonstrated that people who want to do the best they can can enormously increase their income and at the same time reduce the cost of the product which they produce. That is the way that a higher standard of living is going to be obtained. That is the way that continuous employment is going to be obtained. That is the way that satisfaction and happiness throughout the land is a possibility. (*Applause.*)

Mr. Denny: Thank you, Mr. Lincoln. Now this is a very tedious and a very difficult subject for us to discuss and we're going to give Mr. Reuther and Mr. Lincoln a little longer for their summaries tonight and while they prepare them, here is the Announcer to tell us about next week's program in which we'll all be greatly interested.

Announcer: Next week, your Town Meeting will originate in Battle Creek, Michigan, and will bring you a discussion of the question, "What Basic Questions Divide Russia and the United States?" Our speakers will be Major George Fielding Eliot, military analyst, author, and commentator, who has just returned

from an extensive trip through Europe; Mr. Robert St. John, foreign correspondent, commentator and author; our interrogators will be two distinguished newspaper men, Howard Vincent O'Brien, columnist for the *Chicago Daily News* and Mr. Frank Smothers, chief editorial writer for the *Chicago Sun*.

Now, for the summaries of tonight's question, "Why the Lag in Production?" here is Mr. Denny.

Mr. Denny: Here is Walter Reuther with his summary of tonight's question. Mr. Reuther.

Mr. Reuther: You and I must decide which way we're going in America. We must go forward to an economy of full employment and abundance, or drift back to the old way of monopoly and scarcity. We cannot build lasting peace in the world unless we first build the economic basis upon which such peace must rest. You and I, both as political and economic citizens, must see that our economy, which achieved unprecedented heights of production in war, is geared to the needs of the people in peace.

Name-calling or hysterical headlines directed at American labor will not achieve full production, nor can we win the peace if we rely solely on the pulse of the stock ticker to regulate our economy and keep it in high gear.

Already, Wall Street speculators have the jitters because of the stock

market drop. Men who fought price control and all form of government direction are already bemoaning the coming of the next depression which they say is inevitable. You and I know that depressions are man-made and therefore are not inevitable.

American veterans did not fight and win the war to go back to business as usual, unemployment as usual, and depression as usual. In 1918, we won the war on the battlefield, but we lost the peace in the economic and political field.

It can happen again unless you and I elect in November a Congress that will take effective steps to restore price control, put into operation a system of material controls to put first things first.

We will minimize labor disputes when American industry realizes that human engineering is just as important as production engineering. (*Applause.*)

Mr. Denny: Thank you, Mr. Reuther. Now, for a summary of the other side of the case. Here's Mr. James F. Lincoln. Mr. Lincoln.

Mr. Lincoln: It is unfortunate in all matters in which there are differences of opinion that it always ends up in making those differences more marked. There is no way that anyone wins in war. I have said to you tonight several times the thing that I think is of prime importance. There is a way towards peace, toward wage

standards, toward higher living standards. It is by co-operation. It is not by war.

There is no chance that we can by war raise our standard of living. It must be done by an increase in production, increase in the ability to make those things which make a standard of living. And that is the thing which this war between labor and management entirely overlooks. It is only when we come back to that and see that that is the thing that we must have and that is the thing that we can have because it has been done. It is only by doing that that we are going to have that higher standard of living, and those greater satisfaction which we all want.

It has been done. It has been done for years through good times and bad, through peace and war. If it has been done in one place or a few places, it can be done in all places. That is the thing we want to strive for. (*Applause.*)

Mr. Denny: Thank you, Mr. Lincoln, and our thanks also to Mr. Reuther, Mr. Ward, and Mr. Shelton. I expect we can all do a good deal of clear thinking about this question in the light of the facts and opinions that you have given us hear tonight. We are

grateful to you for the opportunity of giving us both sides at once.

In this connection I want to repeat a request I made last Thursday night. We are anxious to hear from all of you who still have Town Meeting discussion groups or would be interested in organizing one. Before the war, there was a widespread development of these discussion groups in homes, clubs, churches, back rooms of stores and grocery stores.

The war disrupted our service to these groups and many of them disbanded. During the past few months we've been receiving a great many letters from you telling us of your renewed interest in starting discussion groups, forums, and town halls. Now before we make any plans in this direction, we would like to hear from all of you who are active or interested. Now our committee of judges informs me that they have come to no decision about the best question. It seems that most of you went overboard or asked loaded questions, so we regret very much that we cannot offer a \$25 Savings Bond to anybody. But join us again next week at the sound of the Crier's bell, same time, same station. (*Applause.*)



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